

## **STATEMENT OF CONSIDERATIONS**

REQUEST BY KENETECH WINDPOWER, INC. (KW) FOR AN  
ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS  
UNDER NREL SUBCONTRACT NO: AAA-5-13320-02  
UNDER DOE CONTRACT NO: DE-AC36-83CH10093  
W(A)-95-003; CH-0849

Kenetech Windpower, Inc. (KW) has requested a waiver of domestic and foreign patent rights for all subject inventions arising from the above referenced subcontract entitled "Advanced Wind Turbine Program Next Generation Turbine Development Project."

The objective of the work to be performed under this subcontract is to design and develop an advanced next generation wind turbine capable of producing electricity for \$0.04/kWh or less at 5.8 m/s(13mph) sites in the 1998-2000 time period. The work is to proceed in two stages. In the first stage, which is the subject of this waiver, the work comprises a concept study to develop reliable performance and cost-of-energy estimates for the proposed turbine system, along with a preliminary work plan and schedule for the second stage which comprises the design, fabrication, and testing of a prototype utility-grade wind turbine system.

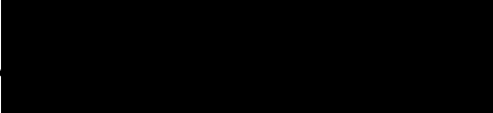
The total cost for Stage 1 is \$473,062, with the DOE share being \$236,531, for approximately 50% cost sharing.

As noted in its waiver petition, KW has been a leading participant in the commercial development of new utility-scale wind energy systems. KW currently designs, manufactures, operates, and maintains wind turbine systems throughout the world. In 1989, KW formed a five year research and development consortium with the Pacific Gas & Electric Company and Electric Power Research Institute to develop advanced utility-grade wind turbines. In addition, KW has invested, from private resources, over 50 million dollars in developing its latest line of wind turbines. Considering KW's technical expertise, established market position, and significant investment in this technology including sizable cost sharing in this subcontract, it is reasonable to conclude that KW will continue to develop and ultimately commercialize the products which may arise from this subcontract.

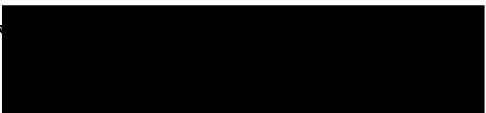
KW has agreed that this waiver shall be subject to the march-in and preference for U.S. industry provisions, as well as the U.S. Government license, comparable to those set out in 35 U.S.C. 202-204. Further, KW has agreed to a U.S. competitiveness provisions as attached to this Statement. In brief, KW has agreed that components embodying any waived invention used or sold by it will be manufactured substantially in the United States until the earlier of five (5) years from the submission of the final report or a significant increase in KW's production capacity or work force of its U.S. manufacturing plants, unless KW can show to the satisfaction of the DOE that it is not commercially feasible to do so. Further, KW has agreed that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Additionally, KW has agreed to the background patent and data licensing provisions as attached hereto.

Referring to item 9 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. There are currently numerous designs, as well as competitors, in the field of turbine technology and energy generation. The success of the advanced wind turbine developed as a result of this subcontract can be expected to stimulate investment, not only in that technology, but also in other competing technologies as well.

Considering the foregoing, it is believed that granting this waiver will provide KW with the necessary incentive to invest its resources in the commercialization of the results of the subcontract in a fashion which will make the advanced wind turbine technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 41 CFR 9-9.109-6, all of which have been considered, it is recommended that the requested waiver be granted.

  
Thomas G. Anderson  
Assistant Chief Counsel  
Intellectual Property Law Division

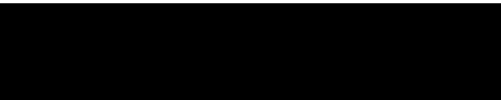
Date: 3/1/95

  
Daniel D. Park  
Patent Attorney  
Intellectual Property Law Division

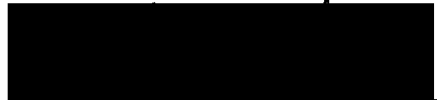
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Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of the subcontract, where through such modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:

  
Ronald R. Loose, Director  
Wind/Hydro/Ocean Division, HQ  
EE-121 5H-047/FORS

APPROVAL:

  
Paul Gottlieb, Acting Assistant  
General Counsel for Technology  
Transfer and Intellectual Property, HQ

**Appendix C-1, Advance Waiver Patent Rights Clause is amended by adding paragraph C.3.(ix) and replacing paragraph K as follows:**

**C.3.(ix) U.S. Competitiveness**

The Subcontractor agrees that components embodying any waived subject invention used or sold by it will be manufactured substantially in the United States until five (5) years after the earliest date of: (1) submission by Subcontractor of the final report as required under paragraph (e) (2) of this clause, (2) operation by the Subcontractor (alone or in association with others) of one or more U.S. based manufacturing plant(s) which individually or collectively in any rolling 12-month period occurring after the date of this subcontract, with a baseline number set at the level which occurred during the twelve-month period immediately preceding the date of this subcontract, have an increase of more than ten percent (10%) in either (i) capacity to produce numbers of wind turbines or (ii) actual production of wind turbines, or (3) an increase of more than twenty percent (20%) in Subcontractor's U.S. workforce (with a baseline number set on the date of this subcontract) for its manufacturing plant(s) (e.g., Livermore, California and any other U.S. location Subcontractor chooses to manufacture its product) occurring after the date of this subcontract, unless the Subcontractor can show to the satisfaction of the Contracting Officer that it is not commercially feasible to do so. In the event the Contracting Officer agrees to foreign manufacture in exception to the foregoing, there will be a requirement that the Government's support of the area of technology which was the subject of this waiver petition be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Subcontractor agrees that it will not license, assign or otherwise transfer any waived subject invention to any entity (except for Subcontractor's suppliers that are supplying the components to Subcontractor for its use or sale, subject to the foregoing) unless that entity agrees to these same requirements.

**K. Background Patents**

(1) "Background Patent" means a domestic patent covering an invention or discovery which is not a Subject Invention and which is owned or controlled by the Subcontractor at any time through the completion of this subcontract:

(i) Which the Subcontractor, but not the Government, has the right to license to others without obligation to pay royalties thereon, and

(ii) Infringement of which cannot reasonably be avoided upon the practice of any specific process, method, machine, manufacture or composition of matter (including relatively minor modifications thereof) which is a subject of the research, development, or demonstration work performed under this

## ***WAIVER ACTION - ABSTRACT***

***W(A)-95-003- CH-0849***

<u>REQUESTOR</u>	<u>CONTRACT SCOPE OF WORK</u>	<u>RATIONALE FOR DECISION</u>	<u>DISPOSITION</u>
Kenetech Windpower, Inc.	Development of an advanced wind turbine system.	Fifty Percent Cost Sharing	Recommended